

FOR OFFICIAL USE ONLY

JPRS L/9479

12 January 1981

# West Europe Report

(FOUO 2/81)

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

FOR OFFICIAL USE ONLY

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

COPYRIGHT LAWS AND REGULATIONS GOVERNING OWNERSHIP OF  
MATERIALS REPRODUCED HEREIN REQUIRE THAT DISSEMINATION  
OF THIS PUBLICATION BE RESTRICTED FOR OFFICIAL USE ONLY.

FOR OFFICIAL USE ONLY

JPRS L/9479

12 January 1981

## WEST EUROPE REPORT

(FOUO 2/81)

### CONTENTS

#### THEATER FORCES

##### UNITED KINGDOM

- Institute Official on Future of Euromissile Negotiations  
(Gregory F. Treverton; THE TIMES, 8 Dec 80)..... 1

#### COUNTRY SECTION

##### INTERNATIONAL AFFAIRS

- Swiss Purchase UK Missiles, Finns Buy Aircraft  
(Arthur Reed; THE TIMES, 17 Dec 80)..... 4

##### FEDERAL REPUBLIC OF GERMANY

- Tornado Aircraft Has Cost Overruns, Technical Flaws  
(Mario R. Dederichs, Wolf Perdelwitz; STERN, 27 Nov 80)..... 6

##### ITALY

- Analysis of Berlinguer's Policy: Poll of His Popularity  
(Pasquale Nonno; EUROPEO, 10 Nov 80)..... 11

- Analysis of Results of Fight Against Terrorism  
(Lina Coletti; EUROPEO, 17 Nov 80)..... 18

- Polemics With PCI Economists on 'Third Way' Concept  
(IL MONDO, 14 Nov 80; LA REPUBBLICA, 29 Aug 80)..... 23

PCI, PSI, Independent Comments, by Nicola Forti  
'REPUBBLICA' Reaction, by Eugenio Scalfari

##### UNITED KINGDOM

- 'FINANCIAL TIMES' Stresses Importance of NATO Commitment  
(Editorial; FINANCIAL TIMES, 18 Dec 80)..... 32

- 'THE TIMES' Urges Right Wing To Stay in Labor Party  
(Editorial; THE TIMES, 22 Dec 80)..... 34

- a - [III - WE - 150 FOUO]

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

THEATER FORCES

UNITED KINGDOM

INSTITUTE OFFICIAL ON FUTURE OF EUROMISSILE NEGOTIATIONS

LD081553 London THE TIMES in English 8 Dec 80 p 12

[Article by Gregory F. Treverton, assistant director of International Institute of Strategic Studies: "The Nuclear Predicament Awaiting Mr Reagan"]

[Text] Lost in the noise of the American Presidential election, the United States and the Soviet Union began preliminary discussions on "Euromissiles"--medium range nuclear systems based in Europe--in Geneva in October. For the time being they are in abeyance, but the Reagan Administration will have to address them, and the predicament they pose for NATO, early in its tenure.

That predicament has been clear since well before NATO decided in December 1979, to deploy 572 American cruise and ballistic missiles in Europe (160 in Britain) and coupled that with an offer to Moscow to negotiate. Politics dictated that link; for NATO to arm without trying to negotiate appeared unacceptable, especially in European politics. Yet it is hard to see how Euromissile negotiations could be fruitful: hence the predicament. NATO is saddled with negotiations it can neither avoid nor use to benefit.

Trading the Potential Against the Actual

Sheer numbers are the clearest reason that negotiations are unpromising. The Soviet Union has already deployed some 160 SS-20 missiles, two thirds of them in range of Western Europe, and is installing them at the rate of 50 or so a year while retaining 440 older medium-range missiles. NATO has no comparable land-based systems and will not have until the new missiles begin arriving in Europe in late 1983. For NATO, negotiations will mean trading its potential systems against Soviet weapons that are in place and increasing rapidly.

There is also bound to be hard negotiations over what is to be negotiated. NATO wants to focus on the most threatening category of weapons--modern medium-range missiles land-based in Europe. Yet when the Soviet Union agreed to the preliminary talks in Geneva, even though SALT II was not ratified and even if NATO went ahead with its planned deployments, it added one rider: the negotiations should also include so-called forward based systems--American nuclear-capable aircraft (and other systems) based in Europe or on aircraft carriers in the Mediterranean.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

The demand to include forward based systems went back to SALT I, and it was entirely predictable that Moscow would return to it. NATO will resist but may agree in the end provided comparable Soviet aircraft are included. At a minimum, there will be long wrangles over which systems to include, how to count them and how to differentiate nuclear from non-nuclear systems of the same type.

Verification Adding to the Problems

The need to verify any agreement will add to the complications. SALT standards will serve as precedents, but they will be much harder to apply to systems that are smaller and mobile. For instance, the SS-20 can be reloaded fairly quickly, and while satellites provide tolerably accurate counts of SS-20 launchers they cannot show how many missiles are with the launchers.

Finally, there is the question of where to negotiate. When NATO made its December offer it presumed that SALT II would be ratified soon and the Euromissile negotiations would take place as part of SALT III. But SALT II was not ratified, and its future is uncertain to say the least.

Mr Reagan, to take him by his words, means, like Mr Carter in the spring of 1977, to negotiate a better SALT treaty that would cut deeply into nuclear arsenals. A betting man would rate his chances little better than were Mr Carter's; at best the attempt will mean another delay, perhaps of years, until a new SALT agreement is in place. In the meantime the Euromissile negotiations will either be left to limp along or, perhaps, be folded into the basic SALT talks, further protracting the negotiations.

Under the best of circumstances, and assuming Moscow's willingness, it will take several years to put together even a modest Euromissile agreement. NATO might, for instance, seek a ceiling on modern missiles warheads of 750. That would permit the Soviet Union to deploy 250 SS-20s, with three warheads each, and it would provide an incentive for NATO to build to and perhaps beyond its planned total of 572.

Such an agreement would have two major flaws. Just as the exclusion of Euromissiles from SALT II called attention to the SS-20, a limited agreement might underscore the threat posed by systems it left out. In particular, modern versions of shorter-range Soviet missiles based in Eastern Europe can threaten West Germany in the same way as SS-20s based in Central Russia. Still more to the point, a limited agreement would hardly be impressive arms controls; rather it could look like a mere figleaf covering NATO's deployment of new missiles and thus might not even serve that role in European politics.

More likely are negotiations that seem hopeless, or drag on. As Soviet SS-20 deployments proceed, delay might strengthen the argument for NATO going ahead with its own new missiles. But it might also have the opposite effect, increasing pressure on the European states where the new missiles will be based to delay acceptance. Belgium and the Netherlands were each to take 48 cruise missiles, but both deferred their final decision and neither looks any closer to saying yes; quite the contrary.

FOR OFFICIAL USE ONLY

#### Bonn, Washington Reverse Roles

A number of negotiating possibilities might make both military and political sense over the longer term. NATO might opt for more comprehensive theatre negotiations comprising shorter-range systems as well. Or it might move in the opposite direction, suggesting that Soviet and American Euromissiles be included in the SALT totals while giving both powers some freedom to adjust the mix between medium-range and intercontinental systems. Both approaches would be difficult and take time. They would also require greater clarity in NATO about the role of nuclear weapons in Europe.

For now, the Euromissile negotiations remain a predicament and a danger for NATO. Two years ago, when Europeans fretted about the European implications of SALT II, it seemed the United States wanted to negotiate while West Germany wanted to deploy new missiles. Now the roles are reversed. In contrast to President Carter --and no doubt President Reagan after him--it is not clear how Chancellor Schmidt really wants the issue to work out, despite repeated reassurances from Bonn.

Perhaps his statements that negotiations might reduce to zero the need for new NATO missiles are purely for domestic consumption. Certainly no such agreement is conceivable. And a Reagan Administration is certain to regard European hopes for negotiations as naive.

COPYRIGHT: Times Newspapers Limited, 1980

CSO: 3120

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

INTERNATIONAL AFFAIRS

SWISS PURCHASE UK MISSILES, FINNS BUY AIRCRAFT

LD171241 London THE TIMES in English 17 Dec 80 p 4

[Report by Arthur Reed: "Swiss Opt For Rapier Missile System in Deal Worth 250M Pounds"]

[Excerpt] Switzerland signed an order worth nearly 250M pounds yesterday for British Aerospace Rapier anti-aircraft missiles after an intensive evaluation of other systems from France, West Germany, Sweden, and the United States.

Rapier will be employed by the Swiss to protect their armoured vehicles against low-flying aircraft. The system will be equipped with Marconi radar to enable it to operate by night or day in all weathers, and some of the equipment will be built in Switzerland.

British Aerospace has already sold Rapier to the Royal Air Force, the Royal Artillery, Australia, Abu Dhabi, Oman, Brunei, Iran, and an unnamed African country. It hopes to sign a deal shortly to equip the United States Air Force to defend the two cruise missile bases to be established in Britain.

The announcement of the Swiss missile contract was made by Mr Colin Chandler, divisional managing director of the Kingston-Brough division of British Aerospace yesterday.

He was handing over the first two Hawk two-seat trainer air-craft for the Finnish Air Force, at Dunsfold Aerodrome, Surrey.

Fifty Hawks worth more than 100M pounds are being bought by the Finns, and an important part of the production work will be done in Finland.

The first four aircraft are to be delivered complete. But the Finns will make the fin, tail-plane, air brake, and flaps, of the other 46 and install the engine and other equipment.

Britain is accepting as reciprocal trade a wide range of goods which include television sets, prefabricated buildings, and paper products.

The Finns chose the Hawk from various competing aircraft from abroad and despite strong pressure from the Soviet Union to buy its comparable machine British Aerospace has sold 193 Hawks to the RAF and a further 70, including the 50 for Finland, for export.

FOR OFFICIAL USE ONLY

---

FOR OFFICIAL USE ONLY

It is cooperating with McDonnell Douglas in the hope that the United States Navy will choose the Hawk as its main trainer aircraft for the 1990s.

If that happens, a far bigger order, running into a thousand aircraft or more in the longer term, could follow for the United States Air Force.

COPYRIGHT: Times Newspapers Limited, 1980

CSO: 3120



FOR OFFICIAL USE ONLY

COUNTRY SECTION

FEDERAL REPUBLIC OF GERMANY

TORNADO AIRCRAFT HAS COST OVERRUNS, TECHNICAL FLAWS

Hamburg STERN in German 27 Nov 80 pp 250-256

[Article by Mario R. Dederichs and Wolf Perdelwitz: "The Expensive Plane in a Spin"]

[Text] The new Tornado, acclaimed by the Ministry of Defense as a miracle plane, has serious defects and is exhausting available funds.

The deputy had no sooner left the cockpit than he was bursting with praise: "An outstanding weapons system and a fantastic aircraft." CDU defense expert and Air Force Reserve officer Manfred Woerner enthused like this after he had taken a test flight in the supermodern fighter-bomber MRCA [Multi Role Combat Aircraft] Tornado, the first and so far only German parliamentary deputy to do so. The Ministry of Defense was glad to hear words like these. The man responsible for the MRCA, Hans Ambos, said: "There is no other weapon system on the world market today with the same potential." The German-British-Italian manufacturer, Panavia, proclaims: "The Tornado is light years ahead of other aircraft."

But the new pride of the German Air Force threatens to turn into the terror of the air--not so much for potential enemies as for German private pilots. The problem is in the "terrain-following flight control system"--the most important innovation on the Tornado for ground strikes and homing: a radar beam scans the terrain and transmits its measurements to the autopilot which flies the aircraft with undreamed of accuracy at supersonic speeds only 30 m above hills, towers and treetops.

This "Autopilot and Flight Direction System (AFDS) has its problems: it is too precise. When the Tornado flashes over the ocean, the terrain-following radar treats wave crests like hills--the plane bounces as though over a washboard. One Tornado pilot said: "There is this crazy jiggling." A secret defect report stated: "The tendency to climb when flying over very disturbed water surfaces must be eliminated."

Even over land the instrument reacts too precisely: the radar scans not only the terrain but other aircraft as well. The matter for concern is: If the terrain-following flight control system is in operation, the Tornado hurtles at supersonic speed toward private planes only to hop over them at the last moment--a vision of terror for every pilot.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Panavia, founded by MBB of Germany, British Aerospace and Aeritalia, has acknowledged a "possible safety risk" in these "dangerous approaches." The Ministry of Defense, ever ready to rejoice, sees an advantage in this defect: It "proves the sensitivity of the control system." In a war it means that the aircraft would hurtle by itself out of safe low-level flight into the range of enemy anti-aircraft defenses.

The price has also rocketed up: estimated at DM 10 million per machine in 1969, the system price is currently given as DM 67.36 million. In order not to raise the total cost into the realm of the incalculable, the number was lowered: instead of 800 aircraft, there will be only 322 for the armed forces, 210 for the Air Force and 112 for the Navy.\* By the time the last Tornado is delivered in 1988 SPD defense deputy Karl-Heinz Hansen estimates the average price will be DM 110 million. For that reason alone the top echelons will not hear a word against the technology of its billion-mark baby.

Reality is different, as a strictly confidential "defect report" reveals. According to the report "restricted approval for action" is expected in 1982 at the earliest, because so far only 25 to 90 percent of the development work, depending on the function, has been completed. At a time when the first Tornados are just being delivered, the project has already claimed its first victims:

--On 12 June 1979 two officers of the British Royal Air Force crashed in the Irish Sea during a test flight. The Ministry of Defense in London has kept the cause of the crash secret until today, supposedly because of a court case involving compensation for the next of kin.

--On 16 April this year, on a routine flight from the MBB test site at Manching, prototype 04 plunged into a field near Geiselhoering in Upper Bavaria. Test pilot Ludwig Obermeier and navigator Kurt Schreiber were killed instantly. An Air Force expert gave the cause of the crash: "The pilot started a loop at too low altitude."

In the defect report it comes out differently: Obermeier's machine was not supposed to be practicing loops but testing the autopilot and the terrain following flight system. An extract from the report reads: "The planned continuation of tests with production equipment in order to confirm earlier results using pre-production equipment and to work up a recommendation for release had to be suspended with the loss of this aircraft. In addition, the autopilot has been stopped until further notice because of the unexplained "integrity" condition." The aviation journal INTERAVIA commented: "More development is needed for the autopilot, so it has not been approved for terrain following in low-level flight."

Other weak spots in the super system are creating headaches:

--Problems with cooling and fuel supply in the RB-199-34R engines have been "considerably greater than expected." "Problems which have arisen with the medium-pressure compressor blowoff valve are severely limiting engine-related testing." The aircraft is relatively slow in any case. Modern fighters can climb to an altitude of 10 km in 70 seconds--the Tornado takes almost 3 minutes.

\* Great Britain will receive 358 and Italy 100 aircraft.

FOR OFFICIAL USE ONLY

--On bombing runs the machine pulls up out of the blast radius too slowly. In professional jargon this is called: "Disconnect/Pull-up-Rate still high." This expensive piece of equipment is endangering itself.

--The supply of spare parts, for which Panavia guarantees "economical purchase" through widespread standardization "remains critical." According to the report, test site 61 in Manching has been waiting "9 months for a replacement tube" for a cockpit instrument. The attempts at standardization have been successful to only a limited degree: it will not be possible for British Tornados to be serviced at German airbases, or for Tornados at British airbases.

--According to information from insiders there may be fracture sites resulting from "material fatigue" in the root of the variable-geometry wing, which is adjustable according to speed, the so-called wing-carry through box.

--The cannon are said to cause such severe vibration when being fired that the system electronics cannot function.

--During a test of the Multipurpose Weapon 1 (MW-1) developed by MBB for the Tornado, a dispenser with 300 minibombs, some of the bombs "stuck" in the belly of the aircraft because of the pressure caused by the slipstream--an infallible, even if involuntary method of self-destruction. On another occasion, a spoiler broke off from the MW-1 because of "inadequate structural integrity."

All these difficulties were explained by the Ministry of Defense as being "within tolerable limits." Asked if the failures would entail additional development costs, system official Ambros replied: "Quite definitely no." MRCA critics in Parliament doubt that. The FDP's budget expert, Klaus Gaertner, said: "I am astonished at what still has to be done." Former SPD budget expert Bernhard Bussmann expressed his fears: "We can expect more yet."

Some of it can be seen already: operating costs will reach unheard-of levels. In order to make the purchase price not seem higher than it already is, the aircraft are being delivered with only an absolute minimum package of spare parts. The result: When the planes are operational with the armed forces, the cost of spare parts will rise drastically. And they are high enough already.

Former Air Force Lieut Col Alfred Merchtesheimer, who was the first to show in a scientific article that the Tornado is too expensive and unsuitable (STERN Nr 13/1978 "The Plucked Bird"), estimates from international experience that operating costs will be twice as high as the purchase price--calculating the life of an aircraft at about 20 years. Another DM 50 billion in operating costs would be added to the expected total Tornado price of DM 25 billion.

It is a matter of controversy anyway whether Air Force and Navy pilots are getting the best in this expensive low level aircraft. Navy pilots are supposed to launch rockets from it at enemy ships--for that they have no need of the expensive variable-geometry wing nor the terrain-following radar. A less expensive plane would have achieved the same thing for the naval pilots.

The Air Force wants to drop bombs on enemy airfields and assembly areas using the Tornado in low-level flight. But 108 of the Air Force's 210 Tornados are

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

strictly reserved immediately on the outbreak of war: They have to remain in their hangars because they are carrying atomic bombs and they will only be allowed to take off with them when the President of the United States gives permission. The remaining 102 machines would be decimated on their first flight by the anti-aircraft defense chains of the Warsaw Pact nations: Unofficially Air Force General Staff members can be heard saying that up to 40 percent casualties can be expected on each attack.

The defense readiness of the Air Force is being endangered because of the Tornado: because this machine is turning out to be too expensive, Bonn cannot afford any new fighters when their outdated Phantoms are withdrawn in a few years. Originally the Tornado was supposed to be the new fighter plane. In order to save money, the pilots had asked for a combination aircraft: fighter, fighter-bomber, atom bomber and reconnaissance all in one. But the Tornado is useless as a fighter. Computer simulation showed that it is inferior even to the old Soviet MiG-21 in aerial combat.

So the military and the aircraft industry together put a new aircraft on the drawing boards: the tactical combat aircraft of the 1990's--the TKF 90. Using the roughest estimates, and without any real idea of what the aircraft is going to look like, the Ministry of Defense has already put DM 1.6 billion in development costs into the government's medium-range financial planning, just to be on the safe side. The parliamentary budget committee was not prepared to go along with such generosity and left only DM 31 million intact of the DM 71 million which were to be spent this year.

Even this is money down the drain. The entire TKF-90 project is threatened by failure because the Tornado has become so expensive. In order to salvage the giant contract, the aircraft industry and the military have been trying to build the fighter internationally, on a joint basis with Great Britain and France. This is the wrong approach. The British do not really want a fighter, but a fighter-bomber. The French want a fighter, but it has to use a French engine. The Germans and the British in turn do not want that, because their Tornado engine has faults, but it has already cost so much that they are unwilling to finance yet another new jet engine.

Minister of Defense Apel sounded out the Ministry for Research to see whether there might not be a subsidy available for development costs. The chances are poor. The history of the Tornado has angered the financial controllers in the parliamentary budget committee. The FDP's Gaertner said: "After these bitter experiences we will certainly not get on the next airplane cheering."

Their experiences were in fact bitter. Some companies had helped themselves rather too freely to the Tornado pie, as Munich engineer Bruno Koepl was able to prove. Kloeckner-Humboldt-Deutz, the machine construction company in Cologne, had pushed through a higher price for a part shortly before the maiden flight with the threat that it would stop development--and this was not an isolated case, Koepl assured STERN.

Koepl obtained his findings first hand: With protection from CDU defense expert Woerner he was given access to secret material in the Ministry of Defense for his Tornado work.

FOR OFFICIAL USE ONLY

But he also had good information from other sources: His previous employer, Industrie-Anlagen-Betriebsgesellschaft, is the sliderule of the Bundeswehr. All defense projects are examined there. The critic has since been fired, because he supposedly damaged the firm's reputation.

COPYRIGHT: 1980 Gruner + Jahr AG & Co.

9581  
CSO: 3103

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

ITALY

ANALYSIS OF BERLINGUER'S POLICY: POLL OF HIS POPULARITY

Milan EUROPEO in Italian 10 Nov 80 pp 134-139

[Article by Pasquale Nonno: "Bye-Bye Berlinguer"]

[Text] He does everything on his own. He feeds the legend of himself. He has dialogues with the Christian Democrats and abuses the PSI. He overrides the humors of the PCI's most intractable base. To many of his comrades, Enrico Berlinguer is no longer the ideal leader.

On the evening of 17 March 1972 in Milan, the PCI Central Committee, elected by the 13th congress a few hours previously, had only just named Enrico Berlinguer party secretary (a decision already taken 2 years before), bypassing such historical names as Giorgio Amendola and Pietro Ingrao, who had been proposed to succeed Luigi Longo and Palmiro Togliatti during a heated debate on the party's political line. In the hall, the delegates interrupted traditional songs to chant the slogan, "Gramsci, Togliatti, Longo, Berlinguer." The new secretary silenced the enthusiasts. "No, comrades," he said. "Gramsci, Togliatti and Longo are one thing. I am something else. I am simply one of you."

This opening gambit delighted his audience and won their sympathy. Especially pleased were the older party chieftains, who now maintain that "Enrico would not repeat that phrase today," and cite the exact date that marked his change of heart: 17 June 1975, at the mass rally held in Rome's Piazza San Giovanni to celebrate the PCI's victory in the administrative [national] elections.

On that occasion the Berlinguer legend was born. Since then it has been carefully nurtured in prepared speeches delivered at festivals, in rare interviews and by the peace and harmony fostered by the party's laic philosophy, particularly endorsed by those liberal democratic leaders who want to substitute discussion for legends and reasoning for slogans--like Amendola in his political battles, fought out on this same terrain.

But the vice, harking far back, took root in a perpetuated mentality, grounded in the third international, hence in the exigencies of a closed-minded party secretly committed to import the "revolution" from the USSR. It is also an outgrowth of a mistaken party spirit that takes pride in all those posturings that render the PCI

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

"different"--in the positive departures that have spared it inter-current strife, in other procedures that produce only futile and counterproductive waste, and in its unyielding communist sort of ethical code that actually induces "crises de conscience" in party members who, when speaking of PCI politics, refer to the men who shape it. It is this time-honored defect that makes it impossible to state a certain problem explicitly in PCI circles, although many admit in private that it definitely exists: the problem of Berlinguer.

Because of this same foible, leaders who willingly talk to the nonparty press are looked upon askance, and those suspected of not sharing the secretary's views risk reprimands by the party's sections and by party public opinion. Giancarlo Pajetta, certainly not a man to suspect of tepid militancy, recently received a telegram from an 84-year-old party member enrolled in the Malachina district, who praised him for his article on Agnelli in UNITA but rebuked him for his interview in ESPRESSO, "which foments divisions in the party."

"This attitude was deeply ingrained," admits Edoardo Perna, group leader of the Senate communists, "when Ingrao made his now famous speech at the 11th congress, strongly disapproving of the party's politics, and provoked an exaggerated reaction. I remember that in the congressional commission convened to examine the case, Longo tried to guide the discussion to the substance of Ingrao's address, but without luck despite his prestige and ability to defuse overheated dramatics. But there was nothing he could do. People were concerned only with the formalities, with the fact that Ingrao had broken a rule. Therefore, when you journalists write about PCI conspiracies to turn Berlinguer out of office, you do not realize that such a thing is not even imaginable. In the PCI a Midas situation is altogether unthinkable (Midas: from the name of the Rome hotel where Craxi followers and the PSI left formed a bloc, thus constituting the PSI majority, with Bettino Craxi as secretary--editor's note), as happened in the PSI. No one would take the trouble to examine the reasons or the substance. It would simply be considered an affront to the party."

In other words, having become a legend once again, the PCI secretary has also become taboo. While he represents a symbol to the masses, almost like the pope, one cannot help but see him also as an obstacle to the party's political struggles. Indeed, criticisms are aimed against him in terms of such nebulous hints and signals that they seem not to be criticisms at all. Bombastic harangues on unitarianism provide the excuse for slipping in small but significant disagreements. Incessant skirmishes with the press are meant to castigate that medium for describing the PCI as rent by overwrought dialectics, by dissension in prominent aspects of its politics, and by angry reactions to the monolithic comportment of a secretary who listens to everyone but always does what he pleases, as if the Central Committee were nothing more than a consultative organ. But now, with so many signs of opposition and bad tempered protests, one must inevitably conclude that, after Berlinguer's 8 years of tenure, a Berlinguer problem certainly does exist.

The core of the problem lies in his brand of politics and in the party's relationship with Bettino Craxi's PSI. In this area, the contrast between Berlinguer and a group of the party directorate is so thick that you could fairly touch it with your hand.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

To begin with, the Craxi-Longo pact. Writing in RINASCITA, Adalberto Minucci, member of the secretariat and Berlinguer's official spokesman, takes a dim view of it in an almost derisive tone. Giorgio Napolitano adjusts his gun sights. UNITA is less critical. Pajetta urges "Togliattian prudence." All these reactions are stated subtly, nevertheless perceptibly.

Next, the debate on the Forlani coalition. Berlinguer promises to pay close attention to the problems it presents, one by one. Emanuele Macaluso tells the Senate that "we shall not pluck the daisy, petal by petal"; to the contrary. Berlinguer singles Craxi out as the "socialist right," while Pajetta warns that no pretexts must be handed to the anti-unitarians: "I call Craxi comrade because he is the secretary of the PSI."

Berlinguer demolishes Craxi, accusing him of offering the middle classes a moderated program. Reichlin replies with a wholly different viewpoint of Craxi's "new fact," and envisions a unitarian strategy. It is against Berlinguer's lack of any prospect whatever that the party's diverse groups, without much distinction, point their major complaints. Some recall that before Paolo Bufalini sought an agreement with the DC on the issue of divorce, he first spent long days patiently conferring with Giacomo Mancini and Francesco De Martino to arrive at an understanding with the socialists before anything else.

Continue the basic controversy with the PSI, all right, but bear in mind the new circumstances: Christian Democracy no longer represents the middle classes exclusively, Craxi is attracting them while Berlinguer, unlike Amendola, only disparages without proposing anything. This is the uppermost objection of Berlinguer's detractors, who likewise deplore his everlasting shillyshallying (forward toward the government, stop, full speed backwards, again half a step forward). Even when you formulate some hypothetical contact with the DC, they say, it is essential to "maintain the unity of the left."

The second widespread criticism concerns the danger of a sectarian explosion that Berlinguer's uncompromising anti-socialist polemics might well set off. This is what worries Pajetta most. Those persons who have approached the secretary lately have found him in that recurrent bad humor, giving vent to fits of temper and mockery, mumbling such phrases as, "We have grown strong and great because we have been responsible," "Single-mindedness doesn't pay, it costs," or "It isn't true that the PCI base is sectarian; there are germs we must ward off, not make concessions only to win easy applause."

In the recent past nonetheless, Berlinguer has frequently sought out direct rapports with the base and its applause. Yet he has no record as a popular leader ("he never picketed at the factory gates in the tough years," the malicious point out). In Catania he spoke directly to the people over the heads of their local PCI leaders, and indeed denounced them in public. At the UNITA festival in Bologna, he broadcast a sort of appeal to the nation. In Turin he asserted himself boldly when union men of every extraction were being whistled at.

With their customary verbal caution, on Tuesday, 4 November, the Central Committee will most certainly talk about conditioning Berlinguer one way or another, thus going beyond a reinforcement of the party secretariat. The conditioning will proceed along political lines toward a different rapport with the PSI. It is hard to



## FOR OFFICIAL USE ONLY

believe that a man, accustomed to behave as if all Italy consisted solely of himself on one side and the Catholic world, with the DC hanging on to its coattails, on the other, would really accept any other prospect. But then, he must rein in the party even more firmly than he has done of late, and find refuge in his legend and the sacred untouchability of his mission as secretary. With all the consequences that will entail.

## His Vice is Christian Democracy

Many believe this. Here are the findings of a Makno poll on Berlinguer's popularity.

The first thing to hit us in the eye is Enrico Berlinguer's notable popularity. On slate 4 of the poll, which poses the most direct question concerning the communist leader, those who ducked it (not interested or I don't know) accounted for slightly over 11 percent of the sample, a very low figure. The means that the results of the Makno poll ("perception of public opinion on the political views and the image of Enrico Berlinguer"), taken on 27-28 October and including a [nonpartisan] sample of 260 responses, is wholly creditable. People were queried about a known factor, therefore they had no need to improvise answers.

Berlinguer's popularity ranged between 35 and 40 percent, judging by the replies to a query on the Fiat case (slate 1); this extends his consensus in the national elections (about 30 percent) to a wider area of the left, possibly to sympathizing members of parties (like the PDUP) more radical than the PCI, possibly to those who abstained from expressing their wishes at the urns, possibly to sympathizers of other parties (Catholics and socialists of the left), since none of the questions presupposed a total acceptance of Berlinguer's politics.

The question on the split between Berlinguer and Craxi (slate 2) brought responses favorable to Berlinguer: slightly over 30.4 percent. The 16.9 percent who thought he "was wrong" almost doubled the electoral percentage given Craxi. The most significant factor in this slate, however, was the high percentage (53) of respondents who answered "not interested or I don't know." This most probably indicates that, in their opinion, the divergence between the two parties does not affect them, but remains a sophisticated diatribe limited to party militants.

On the question of a PCI reconciliation with the DC when the Forlani government was formed (slate 3), approval of Berlinguer dropped to 27.7 percent, whereas those who thought that such a reconciliation would turn out badly outnumbered them (31.5 percent). However, 16.9 percent of the replies objected to the presupposition of the question (it's not true) and presumably included a number of Berlinguer supporters opposed to any new agreements with the DC. Separated into age groups, the poll shows that most of those who gave no replies were among the youngest and the women. Berlinguer's popularity appears to be strong in the intermediate ages, among those well established in their work, while it appears weak among the very young and persons over 50. Of those polled, around 33-36 percent, mainly persons over 35, are firmly anti-Berlinguer. An exception applies to the question on new PCI links with the DC; here, for the most part, those opposed were the young.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Slate 4: only 21.5 percent attributes outstanding gifts of leadership to Berlinguer, while a mere 18 percent finds him mediocre. All in all, the PCI secretary now ranks with average Italian politicians, who, for the majority of those interviewed, seem to show only slight internal differences.

Let's Be Good People, Comrades, but...

Saturday, 25 October, 1800, at the PCI branch in Monte Mario, Rome. An open meeting. Subject under discussion: the PCI in the wake of the Fiat affair and the formation of the new government. Some 30 persons out of 360 enrolled members are present, among them Sandro Morelli, secretary of the Rome Communist Federation.

Angelo Morelli, branch secretary, very young: In the Fiat dispute we went wrong only because we failed to involve more workers. Now everyone is blasting Berlinguer and citing Amendola--irrelevantly. The press says that we are in crisis, that we are split up into political currents like the DC. Chicanery, that's all. We have disagreements about problems, sure, but our goal remains the same. What we must avoid are confusion and immobility. Does Craxi prefer to govern with the DC? That doesn't necessarily mean that we have to renounce our unitarian objective, especially at the base.

Giancarlo Franchi, 30, a SNIA technician and unionist: We tossed Cossiga out. Now we have a center left flirting with the liberal party (PLI). A fine result! We must mend our fences with the PSI before it's too late. If we leave Craxi to the DC, the PSI will be smashed. With peace for the unity of the left.

Fabrizio Brigliadori, 50, a worker in the PCI district of Ottavia: Oh no! We must listen to what we say. Craxi says that we are leaping over the crises and we'll find ourselves with our backsides on the ground. And we shouldn't answer him? When he was riding all the tigers during the national solidarity? Whatever we do, that guy pitches stones at us. Okay, let's roll up our sleeves with the people. They're disoriented. When we solicited money for the "resistance fund" at Fiat, no one stopped to contribute.

Enzo Paniccio, a very young student: Berlinguer is right to attack Craxi. Craxi is pushing the PSI to the right.

Roberto Nardi, a very young student: I don't agree. We shouldn't slam Craxi because he is trying to find the way for the PSI. He's just doing his job. We're the ones who have got the problems. In Piazza San Giovanni, Berlinguer kept repeating too often that the party must be united. He was saying that there are quarrels in the party. Democratic centralism doesn't mean choking off all debate. But let us hope that the quarrelling stops soon and things improve for the PCI.

Pietro Foglietta, one of the oldest members of the branch; he is enraged: We've had the patience of Job. But now that's enough. Unity with the socialists yes, but with Craxi no. He thinks he's a pure blood but he's only a broken down nag. Let this be clear: in Turin Berlinguer stood fast at his post. If standing with the workers means being a Leninist, then long live Leninism!

## FOR OFFICIAL USE ONLY

Stefano Zimmei, secretary of the PSI branch in Monte Mario, very young: I'm going to be frank. As I see it, in Turin Berlinguer incited the workers to fight. Do you remember what Amendola said? Do you know what your economists are saying?-- that collectivism is an absurdity, that it only serves the "labor agency." How come you applaud the Leninist who says that the sheep shouldn't be shorn, it should be killed? Then you want unity. Let's not tell jokes.

Foglietta: Craxi didn't show up in Turin because he goes to salons, not to the workers,

Sandro Morelli: We have nothing to blame ourselves for, not as far as the Fiat dispute is concerned or our party politics. Both our policy of unity and the historical compromise are still valid. Since Craxi is in error, we should criticize him, and sternly, but not in moralistic terms. At the Turin convention he spoke of alternatives. Now it's laborism and alternatives. He wants to make us look unnatural, to shove us off the political stage. But we don't accept provocations. We reason. You don't transform anything through social democracy but rather through the cooperation of the progressive forces to build a different society, socialistic and democratic. Our party secretary, dear Zimmei, doesn't blitz his enemies to bring them down. Imagine if Berlinguer had done what Craxi did to Signorile!

## Let Us Examine the Secretary

1) During the recent Fiat strike, Berlinguer strongly supported the strikers' demands and declared that the PCI would approve a sit-in at the factory. What is your opinion of Berlinguer's attitude?

	By sex		by age groups					
	<u>M</u>	<u>F</u>	<u>15-19</u>	<u>20-24</u>	<u>25-34</u>	<u>35-49</u>	<u>over 50</u>	<u>total</u>
positive	44.3	35.2	28.6	51.5	48.1	39.7	25.8	39.2
negative	40.9	33.1	28.6	24.2	32.5	44.5	42.4	36.5
don't care	7.0	9.0	9.5	9.1	5.2	7.9	10.6	8.1
don't know	7.8	22.7	33.3	15.2	14.2	7.9	21.2	16.2

2) The PCI and PSI are engaged in a bitter quarrel, especially between Berlinguer and Craxi. Do you think that Berlinguer

is right	34.8	26.9	19.0	24.2	37.7	38.1	21.2	30.4
is wrong	20.0	14.5	4.8	9.1	27.3	15.9	13.6	16.9
don't care	18.3	13.8	23.8	24.2	11.7	12.7	16.7	15.8
don't know	26.9	44.8	52.4	42.5	23.3	33.3	48.5	36.9

## FOR OFFICIAL USE ONLY

3) It appears that in its formation, the Forlani government is introducing a new era of good relations between the DC and PCI. By warming up to the DC again, do you think that Berlinguer

is doing well	25.2	29.7	14.3	6.1	23.4	33.3	42.4	27.7
is doing badly	40.9	24.1	23.8	54.5	41.6	23.8	18.2	31.5
not true	21.7	13.1	9.5	24.2	16.9	19.0	13.6	16.9
don't care	2.6	11.7	9.5	9.1	7.8	7.9	6.1	7.7
don't know	9.6	21.4	42.9	6.1	10.3	16.0	19.7	16.2

4) Do you consider Berlinguer to be a political leader

of great stature	19.1	23.4	14.3	9.1	24.7	27.0	21.2	21.5
ordinary	54.8	44.1	38.1	51.6	54.5	52.4	40.9	48.8
mediocre	18.3	17.9	19.0	33.3	14.3	14.3	18.2	18.1
don't care	1.7	3.4	--	3.0	2.6	1.6	4.5	2.7
don't know	6.1	11.2	28.6	3.0	3.9	4.7	15.2	8.9

COPYRIGHT: 1980 Rizzoli Editore

9653  
CSO: 3104

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

ITALY

ANALYSIS OF RESULTS OF FIGHT AGAINST TERRORISM

Milan EUROPEO in Italian 17 Nov 80 pp 54-62

[Article by Lina Coletti: "Veneto Calls, Dalla Chiesa Answers"]

[Text] In the war on subversion, Porto Marghera is the most vulnerable front. Other fronts are Genoa, Rome and Milan. Here is what remains of the armed factions

We know that in the first 8 months of this year, 947 acts of terrorism were recorded in Italy against 1,867 in the same period in 1979. We know that between May and September, 330 persons presumed to be terrorists were arrested (plus 4,042 others reported). We know that over 1,000 persons, mostly of the left, are now serving time in prison for acts of terrorism, 192 are being sought, and another 687 under indictment are either free on bail or released because their terms of preventive detention have lapsed. Now we wonder: are the repentant terrorists in fact breaking up the army of subversion?

How decisive are the successes rolled up by the carabinieri, the police and the magistrates as a result of the information supplied them by Carlo Fioroni, Patrizio Peci, Angela Vaj, Roberto Sandalo and Marco Barbone? What are the possibilities of exorcising once and for all an evil that appeared to be endemic until only a short time ago? If we examine the bare, crude facts, optimism would seem to be obligatory. On the other hand, our authorities must grapple with problems provoked by a terrorism apparently in retreat. Under debate, for example, is the ultimate fate of the repentants, whether to amnesty or expatriate them. There is a widely held conviction that many terrorists would like to follow their lead ("But a time limit should be set," says a high official questioned by EUROPEO. "For example, we should stipulate that whoever wants to talk and get the attendant benefits must do so within 6 months. Longer periods are dangerous because someone might think: Good, meanwhile I'll carry on with the bombs and pistols, then I'll repent.). We must not consider them simply as spies to be treated with contempt ("After all, they help us to undercut and disrupt subversion," the high official goes on, "and we must acknowledge that. Let assassins off? That could be, but we want to know how many others are still on the loose...").

Looking more closely at this obligatory optimism, we shall see how things really are. There is a general impression that the Brigade Rosse and Prime Linea have been smashed. On the other hand, Judge Pietro Calogero maintains that Autonomia's

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

two-tier structure has been confirmed ("the political tier represents its visible face, the hidden tier its military organization," the Paduan magistrate explains).

Says one official engaged in the war on terrorism, "There are still individuals whose responsibilities are yet to be documented. Still in circulation are about 10 subversive leaders; they worry us. However, in its totality, the 'movement' has lost its unity, it is surviving only in loose fringes. Because so many people have overcome their inhibitions and reservations, the terrorists cannot count on their obliging silence any longer. To the contrary, we now have a common language shared by 'normal' people, the forces of order and the magistrates. Fear still exists certainly, but only a 'physical' fear of small-time crime, not of danger to the state or its institutions."

Yes, but is the situation really under control? In Milan, for instance, General Della Chiesa's blitz tactics are known to have dealt a devastating blow to Prima Linea; and the public believes that the Milanese column of the Red Brigades has also been routed, just as terrorism has been badly shaken in Bergamo and its environs, where some 80 persons have landed in jail over the past few months. But anxiety still persists over the Walter Alasia Column (Peci himself admitted that Mario Moretti was reorganizing it in Milan), and Roberto Serafini (a pupil of Toni Negri, who joined the BR after the Communist Formations of Combatants dissolved), still at large.

In Turin, which holds the record for repentant terrorists (40, against 23 in Bergamo and about 20 in Milan), investigators are optimistic: "Peci gave us a complete plan, which made it possible for us to smash a terroristic network organized in 1973-74, when the city administration was about to pass to the left, and the terrorists were trying to break up a social humus that was already in disintegration."

In Rome, Mario Moretti, one-time electronics expert for Sit Siemens, reconstituted the BR's command column after Prospero Gallinari, Valerio Morucci and Adriana Faranda were arrested. Now they say that the BR is fragmented into small groups, while Autonomia still retains some power, although it lacks the BR's authority as a summit organ, as well as Prime Linea's military strength; therefore, it is more elusive.

Farther south, they say, terrorism is a somewhat amateurish pursuit, except in Naples, scene of the murder of Alfredo Paoletta (1978) and Pino Amato (1980). It is also the urban magnet for the Sorrento terrorists (who gave refuge to Michele Viscardi, Prima Linea's expert sharpshooter). Here, too, the police are still looking for Maurice Bignami, the Bolognese surveyor who vanished on 13 September at the very moment Corrado Alunni was arrested on the Via Negroli in Milan.

Two regions, however, do not inspire the investigators with optimism--Liguria and the Veneto, still thought to be the experimental laboratory of the nation's enemies, hence worth analyzing in depth. We begin with Genoa, for years the BR's inviolate bunker, where the terrorists kidnapped their first magistrate (Mario Sossi), assassinated their first public prosecutor (Francesco Coco) and their first union official (Guido Rossa), lamed their first journalist (Vittorio Bruno), and established their first bonds with the underworld and the neofascists.

FOR OFFICIAL USE ONLY

Their unshakable organizational structure began to totter, however, on the evening of 26 November 1978 when a patrol of carabinieri at Italsider in Cornigliano arrested a worker on charges of acting as a BR messenger. Many of Francesco Berardi's coworkers had often seen him deposit pamphlets and leaflets at machines and in the locker rooms, but only one of them agreed to bear witness in court: Guido Rossa, member of the factory council, killed 3 months after Berardi was captured. Berardi was probably the first to collaborate with the carabinieri--ingenuously, like the dilettante he was.

Berardi agreed to talk, but without giving names. He had performed his chores, he confessed, at the behest of a university professor linked to the far left, and gave a detailed physical description of the man. After his disclosures and the BR's revenge (the murder of Guido Rossa), General Della Chiesa coordinated a clamorous blitz raid, the first of a long series. At various times and through various circumstances, 24 persons went to prison, among them the "professor," identified as Enrico Fenzi, but many of them were released in the ensuing investigations. The trial ended with an astounding verdict: everyone acquitted.

The first real breakthrough in the fight against Ligurian terrorism came with Patrizio Peci's maxiconfession. Because he belonged to the top echelons and was a friend of Rocco Micaletto, elusive chief of the Genoa column, Peci was able to spill a good deal of information, which enabled the carabinieri to raid the BR lair on the Via Fracchia, where four BR members died: Riccardo Dura, member of the strategic board, Annamaria Ludman, Piero Panciarelli and Lorenzo Betassa.

The damage was so crushing that the BR terrorists were faced with a number of problems to be solved before they could set up another valid, operational column. For one thing, they were obliged to scour the periphery of the leftist culture to rustle up new recruits; but by now the chain was broken. The police and carabinieri only had to lay hands on one of the fledgling terrorists and guarantee him future immunity to wrest essential BR secrets out of him.

The investigators began their final, decisive operations after intercepting three youths on 18 September last near the mayor's home on the Via Peschiera. In the days following, another 15 culprits were captured.

Official sources consistently deny that the authorities had a bevy of Peci's at their disposal. But in truth, many of the 15 talked, giving facts, situations and names. From their confessions, DIGOS ferreted out 6 secret hideouts in Genoa and a seventh in Imperia where, to their astonishment, they found a grandmotherly machine gunner, the 73-year-old Caterina Picasso, friend of Riccardo Dura. From their revelations, the police arrested 20 persons, all outstanding activists in organizations intended to flank the BR.

Now, we are told, the carabinieri and police are still hunting about 10 subversives. We are also told that their names are known and their hideouts fairly well ascertained. Those already caught are speaking out, explaining the BR's internal system, the paternity of crimes committed, the dynamics of an organization operating as a team, and telling who the "clandestines" and the "irregulars" are.

Yet, the antiterrorist summit is everything but calm. There are two reasons for their disquiet, first because of a telephone call on 30 October to ANSA in Genoa,

FOR OFFICIAL USE ONLY

## FOR OFFICIAL USE ONLY

when an anonymous voice, speaking in behalf of the BR's Francesco Berardi column, declared, "We are not at all dead, and we'll prove it;" secondly because in Genoa early last August someone sent the BR's latest ideological document to the daily IL LAVORO, with many of its 50 pages dedicated to Edoardo Arnaldi, described "not as a lawyer who was a comrade but a comrade who chose to be a lawyer." Other pages carried a well detailed analysis of the economy of the Veneto, the other "hot region."

It seemed that terrorism had virtually disappeared in the Veneto until 22 October, when three armed youths, identifying themselves as the "Communist Front for Counter-power," beat up Luciano Strizzoli, foreman at the Venetian Petrochimico, in front of his house and hung a sign in early BR style ("I am an exploiter of the working class") around his neck. The last notable crime, in fact, had occurred on 12 May, when the BR assassinated Alfredo Albanese. Meanwhile, after the arrests and the verdict condemning its cadres, Autonomia was no longer able to carry out exploits of much consequence (in all 1980 thus far, it has committed more or less 20 crimes against some 900 over the 3 preceding years). Yet the calm was only on the surface. The rampant terrorism perpetrated by Autonomia from 1976 to 1979 died out, as did the BR, officially in absentia in the Veneto since 1975. But according to Peci, the Veneto column reformed around 7 April 1979, the day Toni Negri and his Autonomia comrades were rounded up; sent to head the column were Nadia Ponti, Vincenzo Guagliardo and a fugitive who now, it seems, has been identified as Francesco Ceccato, son of a high ranking bank director and former companion of Susanna Scotti, a wealthy Autonomia leader now behind bars.

The BR spent the first year establishing close contacts with Autonomia's military top ranks (so says Peci, and various enquiries have confirmed the fact), and only began to function openly when Calogero's investigations shattered Autonomia's entire structure. In Padua and Venice on 24 January, the police made their last arrests, nabbing terrorists named by Carlo Fioroni and Carlo Casirati; 5 days later, the Brigade Rosse murdered Sergio Gori, director of Petrochimico, in Mestre. On 11 March, a raid in Padua snared almost all the most active known Autonomia militants, and 2 weeks later, the BR assaulted the military recruiting station in Padua. After these episodes, Alfredo Albanese, chief of the antiterrorist bureau in Venice, collaborating closely with Calogero, followed a lead which led through Autonomia to the BR, which assassinated him on 12 May.

Each of these deeds was accompanied by claims of responsibility and outright appeals to what was left of Autonomia: willingly or not, said the BR in substance, to combat repression you must take part in "organized secrecy, that is in total illegality." Immediately came the response in leaflets signed "Communist Territorial Nuclei" (one of over 90 labels used until then by Autonomia in the Veneto), accepting the advice and urging its own militants to form "small nuclei in departments, business firms and zones in the only way possible today: secretly ... to prepare for the uprising."

Thus, in recent months we have seen a kind of gradual rapprochement between the two subversive organizations. Another indication gives us their measure. The BR pamphlet claiming responsibility for the murder of Albanese states explicitly, "The task of DIGOS is to intensify its work of destroying the entire class movement, while the task of the carabinieri is to intensify its work of hunting down and annihilating the fighting avantgarde. Our task, and the task of the whole resistance movement, is to take up arms against their efforts to expand the antiguerrilla forces--to combat one specific project, not to fire away at random."



FOR OFFICIAL USE ONLY

This position is new in BR utterances: that between the carabinieri, considered its enemies, and DIGOS, considered Autonomia's enemies, it is more urgent to strike at the latter. Is this because Autonomia is the BR's real reservoir, its logistic backup? Indeed, after the Albanese incident, the Venetian investigators, on discovering various hideouts of the Veneto column between Jesolo and Udine, arrested not only three "classical" BR terrorists but also an Autonomia militant, Giovanna Cecconi. In connection with the Albanese crime, they are seeking Carlo Levi-Minzi, of Autonomia's column in Padua. A follower of Toni Negri, Levi-Minzi has run that city's guerrillas and student assemblies for years. In the BR lairs, the police turned up files and pamphlets on the armed struggle previously found only in possession of the Autonomists.

The Veneto, therefore, constitutes the point of departure for an ultimate series of investigations. The BR has been absent from the region since the end of 1975 (leaving the field free to sporadic terrorism), after its debut led by Gallinari, Micaletto and Alunni, who had made it look as if they were setting down roots in Porto Marghera's labor pole. Why? The most logical explanation is that a series of episodes in 1975 threatened to draw attention to their collaboration with Autonomia. On 4 September of that year, at the gates of Padua, the BR's Carlo Picchiura, disciple of Negri and Autonomia leader until a few months before, killed a policeman who had stopped him for a routine check. Picchiura at the time was with Pietro Despali, one of Autonomia's military commanders; it was purely by coincidence, the two insist. But Judge Aliprandi ascertained that the contacts had existed for some time, conducted for "purposes useful to the BR organization." Moreover, the judge found out that Picchiura had bought 300 kilos of black plastic (with which the BR falsified license plates), using as intermediary Antonio Temil, arrested on 21 December 1979 after Carlo Fioroni named him as a military expert in Negri's outfit. Moreover, Picchiura had acquired nine pistols, one of which was found on Massimo Pavan, another Venetian disciple of Negri, arrested 10 months ago in the wake of Casirati's confessions.

Thus, in 1975 close operational links united the BR and Autonomia (while Negri and Renato Curcio vied for the top command) and, for fear that their affiliation might be exposed, the BR dismantled its apparatus in the Veneto. The BR terrorists are now reconstituting it and again joining forces with Autonomia; the formal distinction no longer makes much sense. This may well be the meaning of the renewed violence in Porto Marghera.

Electing to resume their activities, the "clandestine nuclei," fusing the techniques and experiences of the two most ominous exponents of red subversion, believe that the moment for the revolt has arrived. It was not without a reason that the BR document sent to IL LAVORO in Genoa announced the formation in the Veneto of the Annamaria Ludman column (she was killed in the Via Fracchia, Genoa, raid), and analyzed in detail the economic plight of the region, particularly Porto Marghera's industrial zone. Is it here, where the BR dispatched Gori and Albanese and where Workers' Power [Potere operaio] has wielded considerable influence, that the subversives plan to anticipate a new wave of terrorism on the national scale?

COPYRIGHT: 1980 Rizzoli Editore

9653

CSO: 3104

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

ITALY

POLEMICS WITH PCI ECONOMISTS ON 'THIRD WAY' CONCEPT

PCI, PSI, Independent Comments

Milan IL MONDO in Italian 14 Nov 80 pp 24-25

[Article by Nicola Forti: "Who Seized Proteus?"]

[Text] Tens of discussions throughout Italy, volleys of articles in newspapers and magazines, harsh polemics among intellectuals of various leftist tendencies: "To Seize Proteus," REVISTA TRIMESTRALE's latest feature article, has aroused a degree of interest in recent weeks which few had foreseen. "Frankly, even we did not expect this," said Giorgio Rodano, one of the seven young Rome economists, all members of the PCI, who wrote the essay.

And it is not by chance that the article caused the greatest reaction in the PCI itself; rather, it is because questions were raised about certain traditional aspects of Italian leftist policy and because the article appeared at a time of enlightened dialectics and great uncertainty about the party's recent options and future strategy.

But what is it all about? Who are the authors of "Proteus" and what do they want? The idea to write the six chapters which compose the essay was born a year ago. Giorgio Rodano (collaborates with Luigi Spaventa at the Torre Argentina center); Bruno Spadoni (head of the economics office of CISPEL [Italian Confederation of Public Services of Local Governments], the confederation of municipalized firms); Alberto Zevi (instructor in economic policy and member of the directorate of the League of Cooperatives); Alessandro Montebugnoli (journalist for AGENZIA ITALIA); Pier Carlo Padoan (assistant to Giancarlo Gandolfo and member of the directorate of CESPE [Center for Studies on Economic Policy]); Andrea Boitani (economics student of Federico Caffè); and Caludio De Vincenti (instructor in political economy), all students at the school of Claudio Napoleoni and Franco Rodano (Catholic intellectual closely tied in with the PCI Secretary Enrico Berlinguer), worked together for years on the subjects of economic theory and policy dear to the RIVISTA TRIMESTRALE since its establishment in 1962.

They gave the press the article in July but not without first taking time to distribute it to high-level politicians and journalists and changing the color of the magazine cover: from the traditional pale green to a flaming bright orange. The first reaction came at the end of August: a long article by Eugenio Scalfari in LA REPUBBLICA, then a series of commentaries, including those of authoritative members of the PCI like Gerardo Chiaromonte and Achille Occhetto (see below). But what are the key points of "Proteus"?

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

The Analysis

The crisis of the 1970's stems from a wave of demands, necessities and requirements, some even contradictory and therefore often incompatible with the existing economic order.

Breakdown in Programing

Attempts to establish a program in recent years resulted in a series of "market rebounds," like the hidden economy, while the economic policy (including measures inspired by the PCI in 1976-1978: equitable precept, laws on youth employment and industrial reconversion) concentrated on day-to-day administration and floating along on the crisis.

Basic Idea

Therefore, it becomes necessary to intervene in the market to exploit its potentialities to the fullest with the aim of seeking concrete answers to the people's needs, including those which cannot be satisfied by the market, such as social services, housing and labor. The authors have come up with three proposals to make this plan operative.

Collective Consumer (CC)

This is a state intermediary measure designed to minimize the exclusion of the weakest strata among consumers and, from a position of strength (but maintaining a sense of balance), negotiate prices and the quality of goods and services with the various companies involved. Among concrete examples, we have the local organization or cooperative; but others must be brought to light.

Labor Service (SL)

This is an agency (to which the current unemployment compensation funds should be channeled) which would furnish a minimum wage to the unemployed and all those who request such assistance in exchange for work of a social nature. The objective is to provide mobility among workers without loss of pay and to requalify labor from the standpoint of skill.

Workers Financial Institute (IFL)

This proposal, which is inspired by the Swedish union's Meidner Plan, consists of a cooperative-type fund (each member one vote) built up from workers' contributions, either obligatory or voluntary, and administered by the workers themselves and not by the union. The IFL would purchase shares in sound and profitable companies with the aim of directing investment options toward sectors considered more important.

The essay concludes with a chapter in which the seven authors deal with theory and suggest a definition of capitalism inspired by Adam Smith ("an economic system capable of assuring increasing well-being for everyone") questioning some of the salient points of Marxism, such as the theory of value and the concept of exploitation.

FOR OFFICIAL USE ONLY

Despite hurried attempts to write off the contents of the essay (the authors receive accusations of every kind: from that of all-inclusiveness to being free traders, from that of micro-Sovietism to that of subjectivism, or of having suppressed the equalitarian contents of 1968), discussion is growing. In the wake of Scalfari, some speak of a PCI which wants to establish its Bad Godesberg along the lines of the German Social Democratic Party. Others, close to the positions taken by Giorgio Napolitano, will reproach the seven economists for having given a theoretical interpretation to some of the key points of Berlinguer's strategy, such as that of elements of socialism or a gesture toward the cumulative fund in the report of the last PCI congress in the spring of 1979. Meanwhile, the authors of "Proteus" are thinking about the answer to be given to the discussion stirred up by the essay (which, despite a reprinting, is now almost impossible to obtain: the 6,000 copies of the first two editions are exhausted almost everywhere). And at the beginning of 1981 they plan to publish an expansion of their hypothesis on an international level, filling a void for which many had reproached them.

Communists Comment For and Against

Achille Occhetto

I agree with the criticism of government control: excessive and erroneous state intervention in Italy has a balance sheet full of failures.

It is right not to limit ourselves to exalting the positive functions of the market, but we must also think about its reform introducing corrective elements (see Berlinguer's elements of socialism) with new public scenarios: this is a correct strategy of revolutionary gradualism.

We still have the immediate requirement of a different programming in contrast to the current degenerative process and not float along on the crisis.

The following proposals are considered valid: for the CC to enter the market and orient production on the basis of needs from the standpoint of demand; the IFL (which is quite different from the 0.50 percent and recalls Berlinguer's proposal) should be oriented from the standpoint of supply on the basis of investment options by the working class; and the SL should intervene from both the standpoint of demand and labor supply.

Mariano D'Antonio, Economist

The SL proposal is of interest to trim the sails of the power bloc which has been operating in the welfare system and unemployment area, especially in the south; and the IFL is also of interest with its obligatory or voluntary contribution. The CC is much vaguer: consumer cooperative or municipalized companies or new transportation organization?

I do not agree with the analysis of the 1970's: they give too much attention to struggles for distribution to increase the slice of the pie (they speak of corporative quarrelsomeness). Nothing, however, with regard to struggles for welfare or work control in the plant; or else, the working class is not a social order among the many, as in liberal thinking.

FOR OFFICIAL USE ONLY

---

FOR OFFICIAL USE ONLY

The authors assume that the fundamental contradiction is between labor and the people's needs, and not between labor and capital. From this point they mechanically pursue their hypothesis at the risk of being all-inclusive. The workers are offset by consumption and needs.

The programing appears represented in a ludicrous manner, like a system of restraints.

Gerardo Chiaromonte

Chiaromonte, member of the secretariat and PCI's economic leader, believes that the essay contains a lack of balance between the seriousness and complexity of the problems raised and the proposals offered. Indications concerning the labor market (the SL) are of interest, while we must have reservations on the fact that the working class can and should participate--with well-founded hope of making changes--in the cumulative process (the IFL). The CC idea does not consider the central relationship with the international market nor the question of the south where proposals of that type are problematical.

I do not agree with the attitude taken about programing and the criticisms of Giorgio Amendola's positions.

To seize Proteus is certainly very difficult, but it becomes impossible if we ignore the production aspect and the propriety of production means.

Massimo Cacciari, Deputy and Philosopher

My general opinion is negative on the whole. The central theme of the essay is that we should enter the market thoroughly satisfying the rules so that we might take full advantage of its potentialities. Therefore, according to the authors, the market would seem to have a rational aspect to be recovered and maintained and an irrational aspect made up of political forms of capitalist domination which, however, would be eliminated.

The CC and its capability of expressing society's many needs are not clear without considering that the workers' real need is power.

It is not explained how satisfying society's many needs can be harmoniously combined with a distribution of resources more favorable to the more dynamic and innovative sectors of Italian industry. Moreover, none of the needs indicated is pictured as a demand directed toward strategic sectors.

The SL and CC assume a constant growth in public spending, but this clashes with the problems brought to light in the enlightening discussion on the government's fiscal crisis. As for the IFL, still more radical doubts could be expressed.

Socialists' Comment For and Against

Giorgio Ruffolo, European Member of Parliament

The CC proposal is stimulating, but there is a danger of relying on it too much or too little; tension between private and public preferences can be alleviated, not eliminated. As for local organizations, if it is only a matter of improving efficiency or entrusting certain services to private firms, the idea is not revolutionary.

FOR OFFICIAL USE ONLY

However, if they are entrusted to the citizenry for their purchases, they fall in the category of bureaucratic micro-Sovietism; we would be better off to have private and voluntary associations and consortiums.

A market, even so reformed and integrated, is certainly not self-governed; nor does it assure full employment. We need an economic policy--not just monetary and fiscal--which will encourage investments in sectors which preclude profits to the firms. In short, we need a program of few major decisions, which does not profess to take the place of the market and which is different from both the overall policy of the center left and the sectorial policy of the government of national solidarity, both failures.

The authors do not refer to the "informal sector," that is, to the area of the economy based on voluntary and gratuitous services, which is destined to become broader (with respect to the public and private sectors) in advanced social forms. I cite three ways to carry out this "socialist" hypothesis: environmental ties to growth, reduction in the hourly work schedule and more equitable distribution of income.

Paolo Leon, Economist

The proposals are similar to those of the socialist plan, but the analysis is only partly similar. The market they describe is peopled with autonomous and native individuals who recall the neoclassical theory while, in reality, they are expressions of society.

Furthermore, these individuals do not have a macroeconomic nature, and the state's intervention is therefore necessary to determine a frame of reference. But then, the true problem is to activate a program which will be an alternative to the market, even though the necessary political conditions are now lacking. I should also like to point out that the union is completely forgotten in the essay.

The IFL comes dangerously close to a proposal of joint management, and the CC already exists as in the case of certain communes, even though the local organization may be degraded and inefficient.

Independents Comment For and Against

Eugenio Scalfari, REPUBBLICA Director

For the first time, the magazine concretely attacks the subject of the third way, whereas up to now the need to escape from capitalism or true socialism or social democracy was not corroborated by an exhaustive analysis of the factors which push in that direction: extremely innovative solutions on the level of principles, ideology and theoretical analysis. The innovation is that of the method for restoring the lost balance between the diminished inclination of social groups to produce and the increased tendency to satisfy needs; the market must function neither more nor less.

The operative proposals are certainly on a lower level than the premises, which constitute a veritable Bad Godesberg derived by the PCI itself. The themes of the essay are not far from those of the socialist plan with a definitely clearer recognition of the value of the market.

FOR OFFICIAL USE ONLY

Claudio Napoleoni, Economist and Deputy of the Independent Left

Proteus has reinvigorated a discussion which was greatly lacking among the leftist groups and the PCI. Such a unitarian and exclusive proposal, a true challenge, has disturbed the waters much more than certain long concrete lists, including PCI's medium-term plan.

The idea that exploitation in capitalism takes place in consumption and not in production (according to the concept of the magazine until 1962) is in direct conflict with Marxism. The authors should clearly state if they want to haul down old flags of the labor movement and hoist new ones. I believe that the real unsatisfied need is that of freedom and power as demonstrated by workers and management in Turin. We cannot substitute Smith's definition of capitalism for that of Marx without decreasing the overall dimensions on which the essay is based: it would then become a list of things to do.

For example, the CC could lead to an improvement in public services but not automatically constitute a comprehensive step forward. The validity of the IFL depends on its dimensions and the criteria of its options, which require the existence of a program neglected by the authors perhaps to avoid being too abstract.

Franco Volpi, Economist

They do not devote enough attention to the causes for the failure of PCI's proposals of economic policy in 1976-1978.

In the analysis of the crisis, they give too much emphasis to the suggestive importance of the objective dynamics of the operating mechanisms of the 1970's. They see too much of the negative and destructive aspects of the crisis (the disorder) and not the productivity of new structures, relationships, mediations, which are matched by the order and rationality of an ideal market.

From the basic lines and proposals (even though the CC is somewhat nebulous) we get an idea of the value of a perfect market; we are speaking of profit which will compensate an operation of general interest. At this point, either the market will be seen as a mechanism for the mediation of interests and conflicts in line with the neoclassical economic theory or the concept of mediation will be redefined in a much more complex manner.

'REPUBBLICA' Reaction

Rome LA REPUBBLICA in Italian 29 Aug 80 p 10

[Article by Eugenio Scalfari: "The Bad Godesberg of the Communists"]

[Text] Some years ago John Kenneth Galbraith wrote that capitalism is like a hornet: anatomically it is built so as not to be able to fly; but despite all, it flies.

A group of young communists, now well-known in the field of economic and social research (Boitani, De Vincenti, Giorgio Rodano, Montebugnoli, Padoan, Spadoni and Zevi), have now made another discovery: capitalism is simultaneously similar to Anteus and Proteus; like the former, it regains strength when knocked down by a crisis and,

FOR OFFICIAL USE ONLY

like the latter, it is increasingly difficult to seize because its constant changes have been and are such that it has now lost any definite and recognizable shape. As a system, Proteus capitalism can therefore not be destroyed, for nothing has remained of what was once a sophisticated and logical system. Hence, the need for a radical revision of its socialist adversary which, having been born and having grown up with the understanding that it would replace capitalism with alternative logic, mechanisms and purposes, now finds itself deprived of motivation and imbued with a quality which is indefinable and impossible to understand because of the elusiveness of its opposing purpose.

These reflections, broadly argued and linked with the Italian experience of the 1970's, are contained in a monograph in the REVISTA TRIMESTRALE which I should like to recommend for careful study.

There is much talk of a "third way," without, however, its proponents and interpreters succeeding up to now in explaining what it is and particularly without the need to "escape" either from capitalism or "real socialism" or social democracy being corroborated in an exhaustive analysis of the factors which lead to this third--or fourth--dimension. Of all the articles published in the RIVISTA this subject is being dealt with for the first time and a solution proposed. A solution which, in my opinion, is modest on the level of operative instruments but extremely innovative and even traumatic on the level of principles, ideology and theoretical analysis.

I do not know at what point the Communist Party, to which the authors of the essay belong, will be recognized in the theories published by the REVISTA TRIMESTRALE. If this recognition should occur, the PCI's revisionism will have taken a big step forward and the famous and ephemeral "third way" will have acquired a lucidity which it has not had up to now.

What in substance are the theories expressed in the REVISTA?

First of all, that at the beginning of the 1970's there was a severe breakdown. "This consisted of demands, needs and requirements which were incompatible--both in quantity and quality--with economic conditions existing at the time. We therefore had a crisis from the standpoint of order, rationality, and there was an abundance of changes; but that did not produce any new order or rationality and we saw a long period of the same chaotic conditions." This depression was felt throughout the industrialized world, but in Italy it reached serious proportions.

A few figures will serve to substantiate the preceding contention. The economic growth rate in Italy was 5.8 percent per year in the decade 1960-1969, 4.3 percent in the period 1969-1973 and 2.1 between 1973 and 1978. Meanwhile, with scissors-like precision, the rate of inflation increased from 3.8 percent per year between 1960 and 1969 to 7.5 between 1969 and 1973 and 17.2 between 1973 and 1978. "As the decade continued," the RIVISTA economists observe, "development began to cost more and more in terms of inflation and instability while the control of inflation and instability began to cost more and more in terms of development."

Unfortunately, all this is only too true. But what now? Can we turn back, put the clock at the beginning of 1978 and recapture the lost "compatibilities?"

FOR OFFICIAL USE ONLY



FOR OFFICIAL USE ONLY

Amendola and Guido Carli, from different but somewhat analogous positions, have shown us a way; La Malfa has done likewise; but according to the RIVISTA economists, this is a chimera. It was not only the workers who broke with "rational distribution"; it was also the producers of oil and raw materials; it was the emerging middle class; it was the youth brought up in the consumer civilization; in short, it was the famous "theory of demand," which is the controlling factor throughout the capitalist West contrary to the theory of efficiency and productivity. What social group or political party would succeed in bringing a stone which has rolled down into the valley back up to the top of the mountain? An authoritative aboutface which would impose with physical force an improbable "heri dicebamus"? Absurd.

Hence, the unleashing of inflation and its increasingly wild galloping, for, with the needs and demand growing beyond all proportion with regard to productivity and efficiency, neither the government nor business were able to devise any other plan than the old method of trimming the currency thus transferring from the shoulders of some to those of others the worst of all possible taxes ever invented.

But hence, also, another consequence no longer and not only economic but politically moral: "General requests for renewal do not find any solution due to lack of political answers commensurate with the situation created; the demand aspect of the struggles continues, spinning around itself. The cohesion which characterized the original collective affirmation of needs was increasingly replaced by corporative cohesion. This largely explains the degeneration of the 1970's."

We are therefore in the presence of a corporative society where each group is strong enough to expect the satisfaction of its own needs without simultaneously furnishing the "common fund" with contributions needed to produce goods and services which would satisfy society as a whole. Conclusion: a society which is isolated and in a state of decline.

Up to this point the analysis is not much different from other analyses already made by economists and sociologists in recent years. The big innovation comes shortly after and concerns the method for restoring the lost balance between the inclination of various social groups to produce (greatly diminished) and the inclination to satisfy society's needs (greatly increased). This method is that of "making the market function," neither more nor less.

But what market?

Not that which was forced upon us by two centuries of capitalism where the strength of the production firms, whatever their size and status (monopoly, multiple ownership, free and more or less perfect competition), conditions the growth of the needs of consumers as a whole. This type of market--at least in Italy--functioned fairly well until the end of the 1960's; now it is an instrument with broken strings, useless.

To think of replacing it with a type of programing is illusory. Programing does not abolish the market; it tries to violate it, and the market reacts, often in perverse ways even worsening the defects which the programing is seeking to correct.

There is another solution. It is necessary to introduce into the market, in addition to production firms and consumers, a third factor--namely, the "collective consumer." This would have the function of acting as intermediary between the other two traditional elements with the objective of enabling the first to realize their margin

FOR OFFICIAL USE ONLY

of profit and accumulation and simultaneously guarantee consumers the minimum possible exclusion in satisfying their needs.

The collective consumer is an intermediary which puts producers and consumers in contact with each other and completely restores a balance which, in the present state of affairs, is irreparably broken. "The market as such," the RIVISTA economists conclude, "as a mechanism which coordinates the economic process from the autonomy of its various components, has an undeniable value."

Then comes a long explanation of how the collective consumer will operate, the possible reactions of other segments of the market and the effects all these innovations could have on the general framework of accumulation, income, investments, social organization, the economy and--why not?--the politics of the community.

I shall not dwell on this part of the essay. I should like to say only that this part seems to me to be greatly inferior to the premises of whose purpose I have spoken in this commentary. But those premises constitute a genuine Bad Godesberg where the theories of the RIVISTA group would appear to be made by the PCI itself and by other factions of the Marxist left. It would be worthwhile for the socialists also to take positions on these proposals; the proposals are not much different from the matrix of the "Socialist Plan" but with definitions in various parts and with a recognition of the market which is considerably clearer and more convincing than any which has come from the socialists themselves.

Is "To Seize Proteus" an academic exercise of a few economists who happen to be carrying a certain party's card in their pocket or the expression of the PCI's theory and policy? This is an important question which, I trust, deserves an authoritative and not bungled answer.

COPYRIGHT: IL MONDO 1980

8568

CSO: 3104

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

COUNTRY SECTION

UNITED KINGDOM

'FINANCIAL TIMES' STRESSES IMPORTANCE OF NATO COMMITMENT

LD181245 London FINANCIAL TIMES in English 18 Dec 80 p 20

[Editorial: "Why 3 Per Cent Does Matter"]

[Text] Two-and-a-half years ago the leaders of the Western Alliance made a solemn pledge to increase their defence spending by a real 3 percent every year until at least the mid-1980s. The commitment, it was said at the time, was symbolic of the West's determination to stand up to the ever-increasing military might of the Soviet Union and its Warsaw Pact allies. Nothing less would do.

That is still the view of the U.S. but several European governments have now, perhaps predictably in strained economic circumstances, begun to back track. The Europeans now argue that the precise 3 per cent figure is not vital and that it is obviously much more difficult to achieve for countries like Britain and West Germany that are already major defence spenders. They have not, however, convinced Washington which has put heavy pressure on both London and Bonn to honour their obligations in full.

Final Figures

One of the first European excuses--and it is not without foundation--is that it is not always possible to know exactly how much defence spending has increased in real terms until after the event. The British say that it was only just over a month ago that they discovered they had actually hit the 3 per cent target in the last budget year. This year's 2.5 per cent could be nearer 3 per cent in the end. The Germans say they do not yet know the final figure for calendar 1980, and point out that it normally comes out higher than the initial estimates. The same could happen with next year's projected 2.2 per cent announced in Bonn yesterday (already higher than originally planned) given among other things, the possibility of supplementary budgets and variations in the inflation rate.

That, though true, is largely beside the point. Indeed, Chancellor Schmidt has chosen a number of additional arguments to defend the shortfall, many of them perfectly respectable. It is not quantity, but quality that counts, the Germans argue. The Americans forget that West Germany can put 1.2M men in the field within 72 hours (impressive if true) and spends a higher proportion of its money on new equipment than many other Alliance members. Both Germans and British point out that it is not the 3 per cent figure in itself that is important but the Alliance's real defence capability.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Another fair point is that American opinion, both in congress and throughout the country as a whole, is often unaware of the extent to which the Europeans contribute to their own defence. European ministers are now increasingly determined to try to put the record straight, and the Alliance's 11-nation Eurogroup last week published figures that look impressive enough on paper. According to the Eurogroup, about 91 per cent of the ready ground forces available in Europe come from European countries, as do 86 per cent of the air forces (the Americans say this should be 75 per cent), three-quarters of the tanks and more than 90 per cent of the armoured divisions.

The Europeans may, rightly, feel unappreciated. But that does not alter the fact that their contribution to the Alliance is likely to be an issue that may well cause considerable strains in whatever kind of transatlantic dialogue gets off the ground with the Reagan administration in the new year. Already, the outgoing defence secretary, Mr Harold Brown, has warned the European allies that Washington will not put up indefinitely with countries that expect the U.S. to treat their security more seriously than they do themselves. With the new administration aiming at an even higher increase in American defence spending than President Carter's these tensions can only grow--and the mere publication of statistics is not going to alleviate them.

Sacrifice

But the main point is that the Soviet Union is not standing still. Soviet defence spending still amounts to 11 per cent to 13 per cent of GNP and rises annually at a rate of between 4 per cent and 5 per cent. Moscow planners must be delighted that the West is going back on its solemn 3 per cent pledge. It may have been symbolic, but symbols are important. In the final analysis, it is not figures that count but the West's readiness to accept some degree of economic sacrifice, if necessary, in its own defence.

COPYRIGHT: The Financial Times Ltd, 1980

CSO: 3120

FOR OFFICIAL USE ONLY

COUNTRY SECTION

UNITED KINGDOM

'THE TIMES' URGES RIGHT WING TO STAY IN LABOR PARTY

LD221513 London THE TIMES in English 22 Dec 80 p 13

[Editorial: "A Twenty Four Per Cent Warning"]

[Text] One of the features of British politics in recent years has been the volatility of public opinion. Attachment to political parties of all complexions is weaker than it was, so that the electoral response to passing events is much stronger. This is one reason for displaying some caution over the poll by MORI--Market and Opinion Research International--published in the Sunday TIMES yesterday, which gave Labour a lead of 24 per cent. Once there is better economic news the pendulum may just as easily swing back again.

The trouble for the government is that this gloomy poll is accompanied by a forbidding economic forecast from the Organization for Economic Cooperation and Development (OECD). It is not surprising that opinion should have swung sharply against the government at a time when so many people are out of work and unemployment, rather than inflation, is regarded by the general public as the most important single issue facing the country. But the OECD report predicts that much worse is to come. Unemployment will be at 12 percent by the middle of 1982, and there will be approaching three million people without a job. Manufacturing output, investment, exports and company profits will all fall. Once again, according to these findings, Britain will be suffering from the familiar problem of balance of payments deficits.

The political question that is prompted by this economic analysis is whether a revival will come in time for the general election. This does not have to be held until the spring of 1984, but it would be prudent for the government to plan for the autumn of 1983. A government that hangs on to the last moment is giving a hostage to fortune. This means that some improvement would have to be evident before the end of 1982. An election budget in the spring of 1983, followed by a few brief months of economic sunshine, would probably not be enough to turn the electoral tide. The experience of the Wilson government in the late sixties showed how difficult it is for a party in office to recover swiftly after years of disillusionment during its mid-years.

It would be a mistake, though, to judge the political effect of the MORI poll and the OECD report, not to speak of other depressing economic news, solely in terms of the direct impact on the government. It is not the whole truth that governments

FOR OFFICIAL USE ONLY

---

FOR OFFICIAL USE ONLY

win or lose elections: it can still matter quite a bit whether the opposition looks an acceptable alternative administration. In this instance the immediate effect on Labour may well take two forms.

It will, in the first instance, improve the standing of Mr Michael Foot as leader. It may only be coincidence that the party's rating in the polls has improved so dramatically within such a short time of his taking over, but this is bound to strengthen his position--for a time at least. The prospect of an early return to office may also have a steadying effect throughout the party. It will not in fact make the left-wing any less extreme, but it is always easier for a leader to call for compromise and unity when there seems to be a good chance of electoral victory.

It will certainly not be the best time for right-wingers to break away from the party when it is far ahead of the Conservatives in the opinion polls. The case for their breaking away will not in fact have been weakened: the party will not have been made more compatible with their principles by a few favourable opinion polls, but the chances of a substantial breakaway are bound to be reduced. One of the reasons why a good many people were talking of the inevitability of a split at the time of the Blackpool Conference was that they believed that Labour in its present state could never win an election.

The next few months are therefore not likely to be the most auspicious time for a right-wing breakaway. But if, despite the difficulties, a significant split does occur, this will change all predictions for the next election. It would do as much damage to Labour's chances as high unemployment would to the prospects of another Conservative victory.

COPYRIGHT: Times Newspapers Limited, 1980

CSO: 3120

END

FOR OFFICIAL USE ONLY